UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-12291

THE AES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**54-1163725**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4300 Wilson Boulevard Arlington, Virginia	**22203**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (703) 522-1315

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	**AES**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐ Non-accelerated filer ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of Registrant’s Common Stock, par value $0.01 per share, on October 29, 2024 was 711,027,043.

The AES Corporation

Form 10-Q for the Quarterly Period ended September 30, 2024

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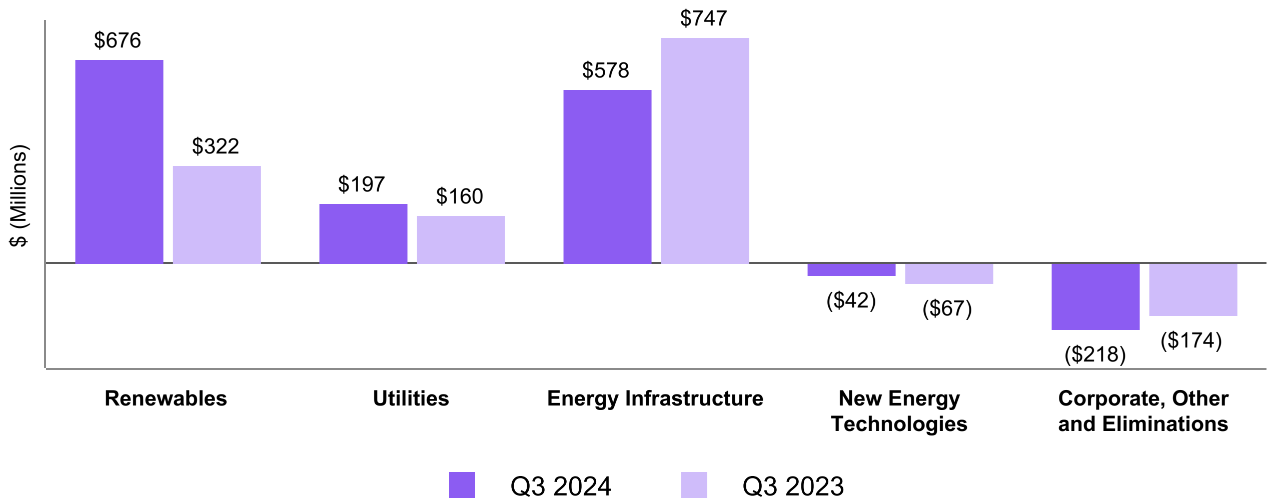
Glossary of Terms

The following terms and acronyms appear in the text of this report and have the definitions indicated below:

2024 Base Rate Order	The order issued in April 2024 by the IURC authorizing AES Indiana to, among other things, increase its basic rates and charges by $71 million annually
Adjusted EBITDA	Adjusted earnings before interest income and expense, taxes, depreciation and amortization, a non-GAAP measure of operating performance
Adjusted EBITDA with Tax Attributes	Adjusted earnings before interest income and expense, taxes, depreciation and amortization, adding back the pre-tax effect of Production Tax Credits, Investment Tax Credits and depreciation tax deductions allocated to tax equity investors, a non-GAAP measure
Adjusted EPS	Adjusted Earnings Per Share, a non-GAAP measure
Adjusted PTC	Adjusted Pre-tax Contribution, a non-GAAP measure of operating performance
AES	The Parent Company and its subsidiaries and affiliates
AES Andes	AES Andes S.A., formerly AES Gener
AES Brasil	AES Brasil Operações S.A., formerly branded as AES Tietê
AES Clean Energy Development	AES Clean Energy Development, LLC
AES Indiana	Indianapolis Power & Light Company, formerly branded as IPL. AES Indiana is wholly-owned by IPALCO
AES Ohio	The Dayton Power & Light Company, formerly branded as DP&L. AES Ohio is wholly-owned by DPL
AES Renewable Holdings	AES Renewable Holdings, LLC, formerly branded as AES Distributed Energy
AFUDC	Allowance for Funds Used During Construction
AGIC	AES Global Insurance Company, AES' captive insurance company
AOCL	Accumulated Other Comprehensive Loss
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CAA	United States Clean Air Act
CCR	Coal Combustion Residuals, which includes bottom ash, fly ash, and air pollution control wastes generated at coal-fired generation plant sites
CECL	Current Expected Credit Loss
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
CWA	U.S. Clean Water Act
DG Comp	Directorate-General for Competition
DIR	Distribution Investment Rider - established in the ESP 4 to recover certain distribution capital investments placed in service beginning June 30, 2020, for three years, and subject to increasing annual revenue limits and other terms. The annual revenue limit for 2024 is $38.4 million.
DPL	DPL Inc.
EBITDA	Earnings before interest income and expense, taxes, depreciation and amortization, a non-GAAP measure of operating performance
ECCRA	Environmental Compliance Cost Recovery Adjustment
EPA	United States Environmental Protection Agency
EPC	Engineering, Procurement and Construction
ESP	Electric Security Plan
EU	European Union
FASB	Financial Accounting Standards Board
Fluence	Fluence Energy, Inc and its subsidiaries, including Fluence Energy, LLC, which was previously our joint venture with Siemens (NASDAQ: FLNC)
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GILTI	Global Intangible Low Taxed Income
GW	Gigawatts
GWh	Gigawatt Hours
HLBV	Hypothetical Liquidation at Book Value
IPALCO	IPALCO Enterprises, Inc.
ITC	Investment Tax Credit
IURC	Indiana Utility Regulatory Commission
LNG	Liquid Natural Gas
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Megawatt Hours
NAAQS	National Ambient Air Quality Standards
NCI	Noncontrolling Interest
NEK	Natsionalna Elektricheska Kompania (state-owned electricity public supplier in Bulgaria)
NM	Not Meaningful
NOV	Notice of Violation
NO_X	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System
Parent Company	The AES Corporation
Pet Coke	Petroleum Coke
PPA	Power Purchase Agreement

PREPA	Puerto Rico Electric Power Authority
PUCO	The Public Utilities Commission of Ohio
RSU	Restricted Stock Unit
SBU	Strategic Business Unit
SEC	United States Securities and Exchange Commission
SO_2	Sulfur Dioxide
TDSIC	Transmission, Distribution, and Storage System Improvement Charge
TEG	Termoeléctrica del Golfo, S. de R.L. de C.V.
TEP	Termoeléctrica Peñoles, S. de R.L. de C.V.
U.S.	United States
USD	United States Dollar
VIE	Variable Interest Entity

Adjusted PTC YTD



Adjusted EPS

We define Adjusted EPS as diluted earnings per share from continuing operations excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses pertaining to derivative transactions, equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring.

The GAAP measure most comparable to Adjusted EPS is *Diluted earnings per share from continuing operations*. We believe that Adjusted EPS better reflects the underlying business performance of the Company and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses pertaining to derivative transactions, equity securities, or financial assets and liabilities remeasurement, unrealized foreign currency gains or losses, losses due to impairments, and strategic decisions to dispose of or acquire business interests or retire debt, which affect results in a given period or periods.

Adjusted EPS should not be construed as an alternative to *Diluted earnings per share from continuing operations*, which is determined in accordance with GAAP.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Reconciliation of Adjusted EPS	**2024**	**2023**	**2024**	**2023**
Diluted earnings per share from continuing operations	$ 0.72	$ 0.32	$ 1.58	$ 0.48
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	(0.06) (1)	0.01	(0.26) (2)	— (3)
Unrealized foreign currency losses	0.01	0.14 (4)	0.02	0.22 (5)
Disposition/acquisition losses (gains)	(0.02)	0.01	0.01 (6)	0.03
Impairment losses	0.05 (7)	0.21 (8)	0.25 (9)	0.45 (10)
Loss on extinguishment of debt and troubled debt restructuring	—	—	0.08 (11)	0.01
Less: Net income tax expense (benefit)	0.01	(0.09) (12)	(0.08) (13)	(0.16) (14)
Adjusted EPS	$ 0.71	$ 0.60	$ 1.60	$ 1.03

(1) Amount primarily relates to net unrealized derivative gains at the Energy Infrastructure SBU of $50 million, or $0.07 per share, and unrealized gains on commodity derivatives at AES Clean Energy of $17 million, or $0.02 per share, partially offset by unrealized losses on foreign currency derivatives at Corporate of $17 million, or $0.02 per share.

(2) Amount primarily relates to net unrealized derivative gains at the Energy Infrastructure SBU of $109 million, or $0.15 per share, unrealized gains on commodity derivatives at AES Clean Energy of $33 million, or $0.05 per share, unrealized gains on cross currency swaps in Brazil of $28 million, or $0.04 per share, and unrealized gains on foreign currency derivatives at Corporate of $20 million, or $0.03 per share.

(3) Amount primarily relates to recognition of unrealized derivative losses due to the termination of a PPA of $72 million, or $0.10 per share and unrealized derivative losses at AES Clean Energy of $20 million, or $0.03 per share, offset by unrealized derivative gains at the Energy Infrastructure SBU of $108 million,

or $0.15 per share.

(4) Amount primarily relates to unrealized foreign currency losses mainly associated with the devaluation of long-term receivables denominated in Argentine pesos of $60 million, or $0.08 per share, unrealized foreign currency losses at AES Andes of $21 million, or $0.03 per share, and unrealized foreign currency losses on debt in Brazil of $10 million, or $0.01 per share.

(5) Amount primarily relates to unrealized foreign currency losses mainly associated with the devaluation of long-term receivables denominated in Argentine pesos of $109 million, or $0.15 per share, and unrealized foreign currency losses at AES Andes of $54 million, or $0.08 per share.

(6) Amount primarily relates to day-one losses at commencement of sales-type leases at AES Renewable Holdings of $63 million, or $0.09 per share, and the loss on partial sale of our ownership interest in Amman East and IPP4 in Jordan of $10 million, or $0.01 per share, partially offset by a gain on dilution of ownership in Uplight due to its acquisition of AutoGrid of $52 million, or $0.07 per share.

(7) Amount primarily relates to impairment at Brazil of $29 million, or $0.04 per share, and impairment at Mong Duong of $6 million, or $0.01 per share.

(8) Amount primarily relates to asset impairments at TEG and TEP of $76 million and $58 million, respectively, or $0.19 per share.

(9) Amount primarily relates to impairment at Brazil of $131 million, or $0.18 per share, and impairment at Mong Duong of $28 million, or $0.04 per share.

(10) Amount primarily relates to asset impairments at the Norgener coal-fired plant in Chile of $136 million, or $0.19 per share, at TEG and TEP of $76 million and $58 million, respectively, or $0.19 per share, the GAF projects at AES Renewable Holdings of $18 million, or $0.03 per share, and at Jordan of $16 million, or $0.02 per share.

(11) Amount primarily relates to losses incurred at AES Andes due to early retirement of debt $29 million, or $0.04 per share, and costs incurred due to troubled debt restructuring at Puerto Rico of $20 million, or $0.03 per share.

(12) Amount primarily relates to income tax benefits associated with the asset impairments at TEG and TEP of $34 million, or $0.05 per share and income tax benefits associated with unrealized foreign currency losses at AES Andes of $6 million, or $0.01 per share.

(13) Amount primarily relates to income tax benefits associated with the tax over book investment basis differences related to the AES Brasil held-for-sale classification of $59 million, or $0.08 per share.

(14) Amount primarily relates to income tax benefits associated with the asset impairments at the Norgener coal-fired plant in Chile of $35 million, or $0.05 per share and at TEG and TEP of $34 million, or $0.05 per share, income tax benefits associated with the recognition of unrealized losses due to the termination of a PPA of $18 million, or $0.02 per share, and income tax benefits associated with unrealized foreign currency losses at AES Andes of $14 million, or $0.02 per share.

Renewables SBU

The following table summarizes Operating Margin, Adjusted EBITDA, and Adjusted EBITDA with Tax Attributes (in millions) for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Operating Margin	$ 179	$ 222	$ (43)	-19%	$ 323	$ 428	$ (105)	-25%
Adjusted EBITDA [1]	199	267	(68)	-25%	443	557	(114)	-20%
Adjusted EBITDA with Tax Attributes [1]	674	285	389	NM	1,321	626	695	NM

(1) A non-GAAP financial measure. See *SBU Performance Analysis—Non-GAAP Measures* for definition.

Operating Margin for the three months ended September 30, 2024 decreased $43 million. This decrease was primarily driven by record-breaking drought conditions in Colombia. Additionally, a partial outage in Colombia during July 2024, which resulted from a flooding incident at the Chivor plant in the prior month, drier hydrology in Brazil and the depreciation of the Brazilian real further impacted operating margin. These adverse effects were partially offset by higher margins due to better hydrology in Panama, new businesses operating in our portfolio, higher contracted energy sales, and unrealized derivative gains.

Adjusted EBITDA for the three months ended September 30, 2024 decreased $68 million, primarily due to the drivers mentioned above, adjusted for NCI, unrealized derivatives, and depreciation.

Adjusted EBITDA with Tax Attributes for the three months ended September 30, 2024 increased $389 million, primarily due to higher realized tax attributes driven by more renewables projects placed in service, partially offset by the decrease in Adjusted EBITDA. During the three months ended September 30, 2024 and 2023, we realized $475 million and $18 million, respectively, from tax attributes earned by our U.S. renewables business.

Operating Margin for the nine months ended September 30, 2024 decreased $105 million, driven primarily by higher fixed costs due to an accelerated growth plan, record-breaking drought conditions in Colombia, reduced wind and solar availability alongside drier hydrological conditions in Brazil, and higher outages at Colombia due to a flooding incident at the Chivor plant which occurred in June 2024, partially offset by higher margin from new businesses, higher contracted energy sales and unrealized derivatives gains.

Adjusted EBITDA for the nine months ended September 30, 2024 decreased $114 million, primarily due to the drivers mentioned above, adjusted for NCI, and depreciation.

Adjusted EBITDA with Tax Attributes for the nine months ended September 30, 2024 increased $695 million, primarily due to higher realized tax attributes driven by more renewables projects placed in service, partially offset by the decrease in Adjusted EBITDA. During the nine months ended September 30, 2024 and 2023, we realized $878 million and $69 million, respectively, from tax attributes earned by our U.S. renewables business.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE AES CORPORATION
(Registrant)

Date: October 31, 2024 By: /s/ STEPHEN COUGHLIN

Name: Stephen Coughlin
Title: *Executive Vice President and Chief Financial Officer (Principal Financial Officer)*

By: /s/ SHERRY L. KOHAN

Name: Sherry L. Kohan
Title: *Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)*